



THE STATE
of **ALASKA**
GOVERNOR BILL WALKER

Department of Natural Resources

Division of Oil & Gas

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Anchorage, Alaska 99501-3560
Main: 907.269.8800
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February 6, 2015

Larry Burgess
Consulting: Permitting
BlueCrest Energy Inc.
3301 C Street, Suite 202
Anchorage, AK 99503

RE: LOCI 14-007, Hansen Pad, Cosmopolitan Project, Lease Plan of Operations Decision

Dear Mr. Burgess,

I. INTRODUCTION

On October 2, 2014 BlueCrest Energy Inc. (Applicant) submitted a request to the Division of Oil and Gas (Division) for approval of a Lease Plan of Operations (Plan) to carry out the Cosmopolitan Project. The Cosmopolitan oil development project is approximately 6 miles north of Anchor point on the Kenai Peninsula of Alaska. Approval of this Plan, along with approvals from other state and federal agencies (Agencies), is necessary for BlueCrest Energy Inc. (BlueCrest) to carry out the Cosmopolitan project. Any further development is subject to further review and approval by the Department of Natural Resources (DNR).

II. SCOPE OF DECISION

The DNR Commissioner has delegated authority for approval of Lease Plan of Operations activities to the Division under Department Order: 003 in accordance with Alaska Statute (AS) 38.05 and 11 Alaska Administrative Code (AAC) 83.158. As set forth below, the Division has evaluated the proposed Plan to determine if sufficient information as required by 11 AAC 83.158 is provided. In approving a Plan, the Division may require amendments that it determines are necessary to protect the State's interests (11 AAC 83.158 (e)).

This Project includes an onshore production pad with facility infrastructure to support separation and conditioning of produced oil from up to 33 wells. Off pad infrastructure includes existing access roads and offshore subsea water intake structure.

Project components on State of Alaska oil and gas leases include wellbores, production zones and the offshore, subsea, and water intake structure.

Project components not on State of Alaska land include the production pad and access road.

III. LAND STATUS

The Cosmopolitan project area is comprised of state and non-state lands.

A. State Mineral Estate:

Oil and Gas Lease, ADL: 384403

Oil and Gas Mineral Estate Lessee(s): BlueCrest Energy Inc.

Surface Ownership and Access Agreement: State of Alaska Tide and Submerged lands.

Special Use Lands: None identified.

Jointly Managed Lands: None identified.

Other Considerations: None identified.

Project Components	Meridian, Township, Range, & Section(s)	GPS Coordinates
Wellbores and production zone	SM, T003S, R015W, S:20, 21, 28, 29, 32, 33	N/A

Oil and Gas Lease ADL: 391903

Oil and Gas Mineral Estate Lessee(s): BlueCrest Energy Inc.

Surface Ownership and Access Agreement: State of Alaska Tide and Submerged lands.

Special Use Lands: None identified.

Jointly Managed Lands: None identified.

Other Considerations: None identified.

Project Components	Meridian, Township, Range, & Section(s)	GPS Coordinates
Wellbores and production zone	SM, T003S, R015W, S:22, 23, 26, 27	N/A

Oil and Gas Lease ADL: 391904

Oil and Gas Mineral Estate Lessee(s): BlueCrest Energy Inc.

Surface Ownership and Access Agreement: State of Alaska Tide and Submerged lands.

Special Use Lands: None identified.

Jointly Managed Lands: None identified.

Other Considerations: None identified.

Project Components	Meridian, Township, Range, & Section(s)	GPS Coordinates
Wellbores and production zone	SM, T004S, R015W, S:5-9,16-18	N/A

Oil and Gas Lease ADL: 18790

Oil and Gas Mineral Estate Lessee(s): BlueCrest Energy Inc.

Surface Ownership and Access Agreement: State of Alaska Tide and Submerged lands.

Special Use Lands: None identified.

Jointly Managed Lands: None identified.

Other Considerations: None identified.

Project Components	Meridian, Township, Range, & Section(s)	GPS Coordinates
Wellbores and production zone	SM, T003S, R015W, S:3, 35	N/A
Wellbores and production zone	SM, T004S, R015W, S:2-4, 10, 11	N/A
Seawater intake structure	SM, T004S, R015W, S:2, 3, 10	N/A

B. State of Alaska Surface Lands:

Oil and Gas Mineral Estate Owner and Relationship with Applicant: N/A

Access Agreement: N/A

Special Use Lands: N/A

Jointly Managed Lands: N/A

Other Considerations: N/A

Project Components	Meridian, Township, Range, & Section(s)	GPS Coordinates
N/A	N/A	N/A

C. Private Lands:

Oil and Gas Mineral Estate Owner and Relationship with Applicant: John and Viola Hansen.

BlueCrest has entered into an agreement with the Hansen's for use of their mineral estate.

Surface Ownership and Access Agreement: John and Viola Hansen. BlueCrest has entered into an agreement with the Hansen's for use of their surface land.

Special Use Lands: None identified.

Jointly Managed Lands: None identified.

Other Considerations: None identified.

Project Components	Meridian, Township, Range, & Section(s)	GPS Coordinates
Production Pad	SM, T004S, R015W, S:2	Lat: 59.857 Long: -151.804
Road	SM, T004S, R015W, S:2	N/A

Oil and Gas Mineral Estate Owner and Relationship with Applicant: Unknown, no activities in this the mineral estate underlying COLASKA's surface parcel.

Surface Ownership and Access Agreement: COLASKA. BlueCrest has entered into an agreement with COLASKA for use of their land.

Special Use Lands: None identified.

Jointly Managed Lands: ROW agreement between BlueCrest and COLASCO.

Other Considerations: The area is a gravel pit.

Project Components	Meridian, Township, Range, & Section(s)	GPS Coordinates
Road	SM, T004S, R015W, S:2,11,12	To be determined

IV. PROPOSED OPERATIONS

The Plan describes the proposed operations in full detail. Set forth below is a summary of the key details.

A. Sequence and Schedule of Events

All dates are approximate and may be altered by weather or logistic requirements. The schedule nonetheless provides the Division with an overall idea of the sequence and schedule of events.

Project Milestone #	Project Milestone	Proposed Start Date	Proposed End Date
1	Project Planning and Design	1/1/2014	3/1/2015
2	Project Permitting	1/1/2014	6/1/2015
3	Pad Grading	9/28/2014	12/1/2014
4	Facility Construction and Startup	3/1/2015	12/31/2020
5	Drilling Operations	6/1/2015	6/1/2016
6	Facility Operation	3/1/2016	12/31/2046

B. Well Sites

The well site for this project is a gravel production pad that is approximately 35 acres in area and situated north of Anchor Point, Alaska. All drilling operations will be conducted on the pad and are projected to begin in 2015 and last for approximately 5 years. The site has an existing gravel pad which will be expanded to accommodate the oil development activities described in BlueCrests Plan. The production pad is located on privately owned surface and BlueCrest has leased the land from the landowners for this project.

BlueCrest will apply to the AOGCC for a permit to drill.

C. Buildings

Permanent buildings will be constructed on the production pad for the duration of the project to include: prefabricated structures to house and protect oil production equipment; living quarters for employees; warehouses; and offices and a control room for continuing operations and maintenance of facilities. Temporary structures are proposed during the construction phase to accommodate additional workforce and operational needs during construction.

BlueCrest will apply to the Alaska Fire Marshal for a fire permit.

D. Fuel and Hazardous Substances

The production pad will have two 15,000 bbl crude tanks and two 750 bbl diesel tanks. BlueCrest must comply with secondary containment standards in the mitigation measures associated with this project for all fuel and hazardous wastes. In addition to the mitigation measures, BlueCrest designed the production pad with berms at the pad edges providing

additional physical containment of fuel and hazardous substances. Drilling wastes will be stored onsite until processed/disposed of in accordance with applicable laws.

BlueCrest will apply to: ADEC for an oil discharge prevention and contingency plan; BSEE for an oil spill contingency plan; and to EPA for a facility response plan.

E. Solid Waste Sites

Solid non-burnable wastes will be disposed of at local landfills. Food wastes will be stored in enclosed containers or hauled each day to an approved disposal site to avoid attracting wildlife. Solid burnable wastes may be incinerated on-site, in accordance with applicable laws, to reduce the amount to be hauled from the site; all ash will be disposed of at existing landfills.

BlueCrest will apply to: ADEC for a temporary drilling waste storage permit and a treatment facility permit; and to EPA for an aquifer exemption and a class-1 non-hazardous waste disposal well.

F. Water Supplies

An offshore, subsea water intake structure is proposed for this project. The structure is planned to obtain up to 420,000 gallons per day of sea water for use for pressure maintenance in the oil formation.

BlueCrest's original application proposed drilling two water wells to provide freshwater to support drilling operations with a combined production volume anticipated at 10,000 gallons per day. During the application process BlueCrest received public comments expressing concern about their proposed water wells and potential effects to neighbors in the area. BlueCrest met with the commenter and now proposes limiting the drilled water wells to one well which is only used for emergency use for personnel safety purposes. The remainder of freshwater needs would be trucked in or eventually a reverse osmosis system may be installed in deemed economical.

BlueCrest will apply to: USACE for a section 10 water intake structure; and DMLW for a temporary water use permit.

G. Utilities

Electricity will be provided by the Homer Electric Association using existing infrastructure. Natural gas will be provided by Enstar, who will install a gas line from existing infrastructure to the Hansen pad.

H. Material Sites

No material sites are identified to be used for this project. The site is in an existing gravel pit and the pad will be developed by excavating down to the existing gravel base.

I. Roads

The Hansen pad will be accessed from the Sterling highway via existing gravel roads. The existing gravel road crosses two privately owned parcels; the COLASKA and Hansen parcels. The use for the portion of the road on the Hansen parcel is included in the lease that BlueCrest and the Hansen's have in place. The use for the portion of the road on the COLASKA parcel is covered under an existing right of way agreement being transferred to BlueCrest.

BlueCrest anticipates necessary changes to the intersection of the gravel road and the Sterling Highway and is reviewing the design of the roads in this area. If changes are required BlueCrest will apply to DOTPF for a highway approach permit.

J. Airstrips

Airstrips are not proposed for this project.

BlueCrest will apply to the FAA for an obstruction analysis of site infrastructure such as the drill rig.

K. All Other Facilities and Equipment

BlueCrest will install facilities and equipment necessary for oil drilling and production operations. This includes but is not limited to: production manifold; multi-phase flow meter; high pressure separator; cross heat exchanger; indirect fired line heater; oil treater; compressors; crude oil storage tanks; and a truck loading station. The function of each is explained in more detail in the application.

BlueCrest will apply to ADEC for a minor air quality permit.

L. Rehabilitation Plan

The production pad is located on private lands and will be subject to the terms of the lease held with the private land owner.

The offshore subsea intake structure is located on submerged lands and will be rehabilitated to the satisfaction of the Division in accordance with applicable laws and regulations.

M. Operating Procedures Designed to Minimize Adverse Effects

BlueCrest designed the pad and site layout to minimize adverse effects to natural resources and to neighboring properties. The location of the pad is near Stariski Creek, multiple pad designs and site layouts were proposed that optimized site access and on-pad logistics however; these designs encroached within a 500 foot setback of Stariski Creek. After discussion with the Division, BlueCrest modified the pad design to avoid encroaching on the Stariski Creek setback.

BlueCrest will construct elevated berms at the exterior of the pad to serve as tertiary spill containment and sound and visual barriers. In addition to constructing these berms as part of their plan, BlueCrest has corresponded with the owner of adjacent properties and discussed placing sound detection devices for ongoing monitoring of sound to determine if additional measures such as sound absorbing panels on top of the berm are warranted. BlueCrest further discussed using LED illumination, variably light-tower height and light shielding to mitigate potential light impacts to adjoining neighbors.

BlueCrests original application included drilling two water wells to provide freshwater anticipated at 10,000 gallons per day. Public comments expressed concern about the water wells and potential effects to the aquifer and neighbors in the area. BlueCrest now proposes drilling a single water well to be used for emergency use for personnel safety purposes only. The remainder of the freshwater needs would be trucked in or eventually a reverse osmosis system may be installed if deemed economical.

In approving a Plan, DNR may require amendments necessary to protect the State's interest (11 AAC 83.346). The Division has determined that to protect the State's interest, it is necessary to incorporate into the Plan, the 2008 Cook Inlet Mitigation Measures. BlueCrest addressed these mitigation measures in the application process, but it is necessary to amend the Plan to make clear that the Plan incorporates the 2008 Cook Inlet Mitigation Measures. All plan applicants must complete a mitigation measure analysis demonstrating that each mitigation measure is satisfied or inapplicable to its proposed Plan, or that the applicant is seeking an exception. The 2008 Cook Inlet Mitigation Measures allow for the Division to grant an exception if the applicant shows that compliance with the measure is not practicable or that the applicant will undertake an equal or better alternative to satisfy the intent of the mitigation measure. BlueCrest completed the mitigation measure analysis for the 2008 Cook Inlet Areawide and seeks an exception(s) to the mitigation measure(s) discussed below.

A.1.c: Siting of facilities within one half mile of the mean high water mark of the Cook Inlet.

BlueCrest provided the below request and explanation for the exception:

"Mitigation measure is partially satisfied but a waiver is requested to possibly occupy a portion of the 500 ft buffer zone to the east. The ½ mile buffer requirement is not applicable as the proposed site has historically been constructed as a previous drilling location. The proposed site has been proposed by Phillips (2003), Pioneer (2010), Buccaneer (2013) and now by BlueCrest as a site for the oil drilling and oil and gas production operations for the Cosmopolitan Development. Plans of Operations have previously been approved by ADNOR-DOG for conducting production operations at the location."

The intent of this measure is to prohibit facilities other than roads, docks, utility/pipelines corridors, or terminal sites within one half mile of the mean high water mark of the Cook Inlet, except where land use plans classify an area for development, or established usage and use history show development. The Division finds that a waiver for this mitigation measure is not required as prior drilling activities and Plans of Operations for both exploration and development have been reviewed and approved by the Division establishing a usage in the area.

The Division has determined that to protect the State's interest, it is necessary to incorporate into the Plan the 2008 Cook Inlet Mitigation Measures as amendments and stipulations to this Plan (11 AAC 83.346).

N. Local Hire, Communication and Training

BlueCrest intends to use local personnel and services primarily from the Kenai Peninsula borough or the Anchorage area. BlueCrest will hold meetings locally to provide information concerning the initial drilling and production program.

V. CONSIDERATION OF LEASE PLAN OF OPERATIONS REQUIREMENTS UNDER 11 AAC 83.158(c-d) and 11 AAC 83.160

A. Full Payment of Damages to the Surface Owner 11 AAC 83.158(c)

For COLASKA and the Hansen's, BlueCrest has negotiated access and use. Thus BlueCrest has provided for full payment of damages prior to starting operations (11 AAC 83.158(c)).

B. Plan Sufficiency 11 AAC 83.158(d)

A proposed plan must include statements, maps, or drawings setting forth

- (1) the sequence and schedule of operations;
- (2) the projected use requirements directly associated with the proposed operations;
- (3) plans for rehabilitation;
- (4) a description of operating procedures to prevent or minimize adverse effects on natural resources and concurrent uses of the area (11 AAC 83.158(d)).

The information in section IV. Proposed Operations, above, and additional information contained in Applicant's acronym BlueCrests Plan satisfy the requirements for a plan under 11 AAC 83.158(d) and thus provide the Division with sufficient information available at this time to determine the surface use requirements and impacts directly associated with the proposed operations.

C. Oil and Gas Lease Bond 11 AAC 83.160

The State does not own the surface land where operations are proposed. The State owns all the mineral estate where oil development activities are proposed and production will occur. For the State, a lessee provides for payment of damages by posting a bond, and remains liable for full damages under the lease. BlueCrest has a Statewide Oil and Gas Bond in the amount of \$500,000 and continuing liability under the lease.

VI. CONSULTATION WITH OTHER GOVERNMENT ENTITIES

In reviewing the proposed Plan, the Division considered the fact that BlueCrest may require approvals from Agencies for other elements of its project. Although mentioned in the Plan and above, in section IV. M Proposed Operations, these aspects of the project are not operations being approved by this decision and the Division offers no opinion on whether an agency should or should not approve these activities.

In addition to reviewing the approvals required by Agencies, as they relate to this decision, the Division provided an Agency review and comment opportunity for the activities considered for authorization under this decision. The following government entities were notified on 10/31/2014 for comment on the Plan: DNR Parks; DNR Land Sales; United States Army Corps of Engineers; Alaska Department of Fish and Game; Alaska Department of Environmental Conservation; DNR Office of Project Management and Permitting; National Oceanic and Atmospheric Administration; DNR Division of Mining Land and Water; Alaska Oil and Gas Conservation Commission; United States Fish and Wildlife Service; Kenai Peninsula Borough; Department of Transportation and Public Facilities. The comment deadline was 4:30 pm Alaska time on 11/14/2014. No extension was requested. Comments were received and the Division, Applicant, and commenting agency(ies) reconciled the comments without modifying the Plan ; Agency comment(s) and Applicant's response(s) are summarized in Appendix B. The Plan was then publicly noticed.

VII. PUBLIC NOTICE

Public notice of the Plan and opportunity to comment was published in the Alaska Dispatch News on 11/25/2014 and in the Peninsula Clarion on 11/28/2014 with a deadline for comments of 12/26/2014 at 4:30 pm Alaska time. Additionally, a copy of the notice was posted on DNR's web site and faxes of the public notice were sent to the Kenai, Homer and Nikiski post offices. Comments were received and considered by the Division. No modifications to the Plan were made as a result of the comments. However, in response to submitted comment BlueCrest agreed

to certain additional project specific stipulations to address submitted comments. Project specific stipulations are listed below in section VIII. Conditions of Approval and public comments are summarized in Appendix B.

VIII. CONDITIONS OF APPROVAL

Having considered the proposed project, the Division approves the Plan as amended and modified by this decision and subject to the Conditions of Approval listed below:

To protect the State's interest, the Division finds that it is necessary to amend the Plan to incorporate the following Conditions of Approval:

1. The applicant shall defend, indemnify and hold the State of Alaska harmless from and against any and all claims, damages, suits, losses, liabilities and expenses for injury to or death of persons and damage to or loss of property arising out of or in connection with the entry on and use of State lands authorized under this approval by the applicant, its contractors, subcontractors and their employees.
2. The applicant shall inform and ensure compliance with any and all conditions of this approval by its employees, agents and contractors, including subcontractors at any level.
3. Amendments and modifications to this approval require advance notice and must be approved in writing by the DNR.
4. The Commissioner of the DNR may require that an authorized representative be on-site during any operations conducted under this approval. This stipulation is required to ensure that the Divisions of Oil and Gas and Mining, Land and Water meet their statutory responsibilities for monitoring activities taking place on state-owned lands.
5. A certified As-Built survey of the improvement shall be provided within one year of placement of the improvement. This As-Built must be submitted in both electronic and physical format.
6. A status report for the activities conducted under this approval must be filed with this office on May 1 and November 1 each year, from the date this approval is issued and until a final completion report is filed with the Division. If a lessee requests an assignment, a status report must also be submitted during the assignment process. Failure to file in a timely manner may result in revocation of this approval.
 - a. Each status report shall include a statement describing, and map(s) depicting, all operations actually conducted on the leased area as of the date the report is prepared including the location, design and completion status of well sites, material sites, water supplies, solid waste lines, buildings, roads, utilities, airstrips, and all other facilities and equipment installed.
 - b. Upon completion of operations, the applicant will submit a completion report that will include all information required of a status report described in (a) above, as well as a statement indicating the date of operations completion, any noncompliance with the terms of this plan approval of which a reasonable lessee would have knowledge of, clean-up activities conducted, the method of debris disposal, and a narrative description of known incidents of surface damage.

7. Notification. The applicant shall notify the DNR of all spills that must be reported under 18 AAC 75.300 under the timelines of 18 AAC 75.300. All fires and explosions must be reported to DNR immediately. The DNR 24 hour spill report number is (907) 451-2678; the fax number is (907) 451-2751. The ADEC oil spill report number is (800) 478-9300. DNR and ADEC shall be supplied with all follow-up incident reports.

To protect the State's interest, the Division finds that it is necessary to amend the Plan to incorporate the following Project Specific Stipulations:

1. BlueCrest will consult with neighbors regarding potential noise impacts, explore mitigation options and implement reasonable mitigation for noise impacts.
2. BlueCrest will limit onsite drilling of water wells to one well and utilize the well for emergency and personnel safety only.

IX. FINDINGS AND DECISION

Having considered the specific activities proposed, the best interest finding and associated supplements for the lease sale area within which the project is located, and the foregoing discussion of issues and conditions of approval, the Division makes the following findings:

1. The Plan provides sufficient information, based on reasonably available data, for the Division to determine the surface use requirements and impacts directly associated with the proposed operations.
2. The Plan includes statements, maps, or drawings setting forth the sequence and schedule of operations, projected use requirements, a rehabilitation plan, and a description of operating procedures designed to prevent or minimize adverse effects.
3. All oil and gas activities conducted under oil and gas leases are subject to numerous local, state and federal laws and regulations with which the applicant is expected to comply.
4. The applicant has demonstrated that the Plan complies with applicable mitigation measures, aside from measure A.1.c.
5. The Division has demonstrated that the Plan complies with mitigation measure A.1.c.
6. The Plan protects the State's interest, including the State's interest in maximizing economic and physical recovery of oil and gas resources, assessing oil and gas resources while minimizing adverse impacts from exploration, and the utilization, development, and conservation of natural resources for the maximum benefit of the people. The Plan incorporates amendments to protect both the public and State interests.

Based upon the Plan, supporting information provided by the applicant and the Division's review, determination of applicable statutes and regulations, consultation with other government agencies, public notice, and the above findings related to that Plan, the Division hereby approves the Plan.

Sincerely,



Kim Kruse
Permitting Manager
Division of Oil and Gas



Date

Appeal

An eligible person affected by this decision may appeal it, in accordance with 11 AAC 02. Any appeal must be received within 20 calendar days after the date of issuance of this decision, as defined in 11 AAC 02.040(c) and (d), and may be mailed or delivered to the Commissioner, Department of Natural Resources, 550 W. 7th Avenue, Suite 1400, Anchorage, Alaska 99501; faxed to 1-907-269-8918; or sent by electronic mail to dnr.appeals@alaska.gov. This decision takes effect immediately. An eligible person must first appeal this decision in accordance with 11 AAC 02 before appealing this decision to Superior Court. A copy of 11 AAC 02 may be obtained from any regional information office of the Department of Natural Resources.

Attachments:

- Appendix A: Maps and Figure(s)
- Appendix B: Agency and Public Comments
- Appendix C: Other

ecc: DOG: Kim Kruse, Tom Barrett, Jeanne Frazier
DMLW: Eric Moore, James Sowerwine, Merry Johnson, Henry Brooks
ADF&G: Marla Carter, Michael Daigneault, Megan Marie, Mark Fink, Patti Berkhahn
ADEC: Gary Evans, Mike Evans, Graham Wood
OPMP: Mark Morones, Sara Longan, Jeff Bruno
Borough: Julie Denison, Marcus Mueller, Pamela Russell
Other: Linda Speerstra, Dan Nelson, David Post, DNR Parks, DNR Land Sales, USACE,
NOAA

Appendix A: Maps and Figure(s)

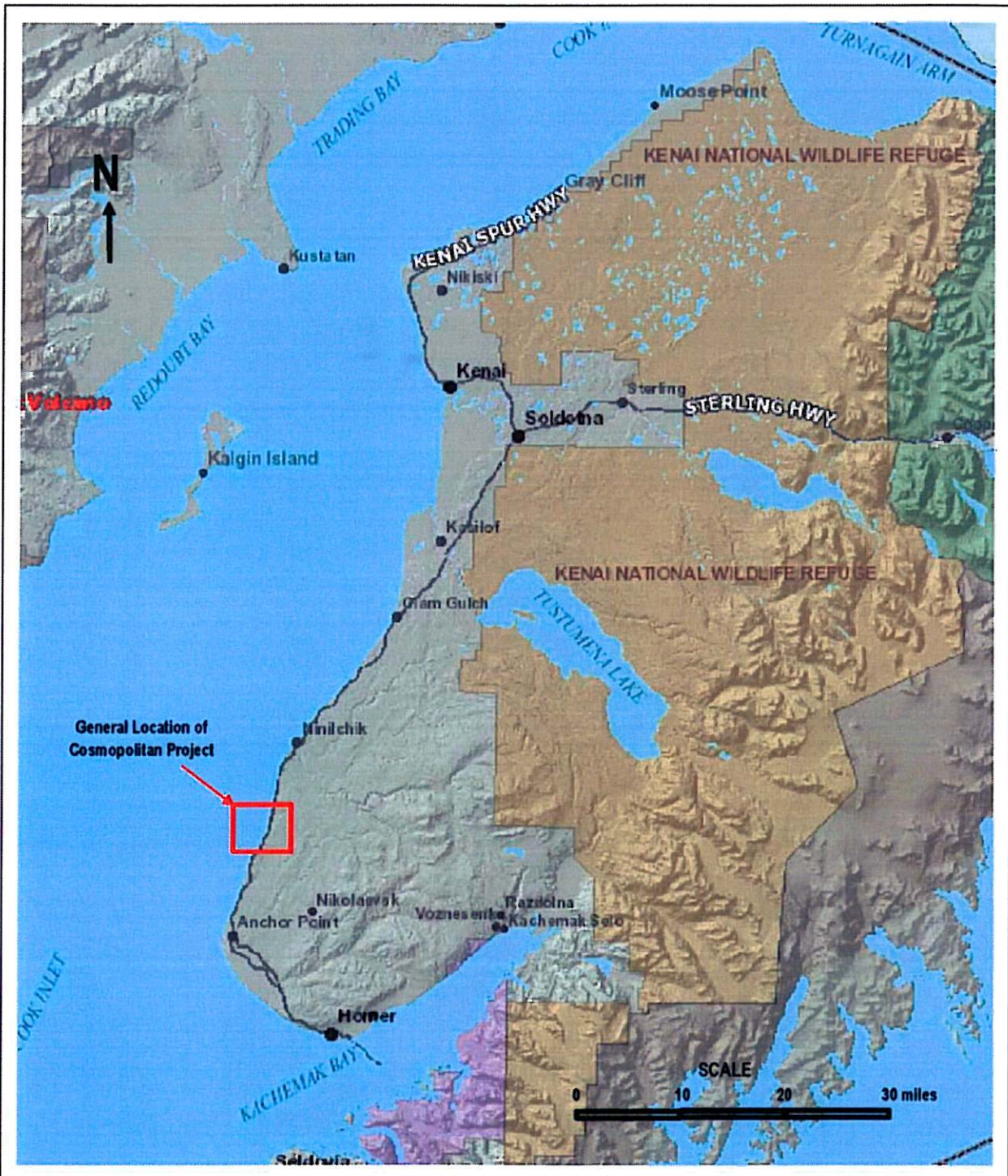


Figure IV-1 General Vicinity Map



Figure IV-2. Configuration of Existing Pad Showing Current Lease Boundaries.

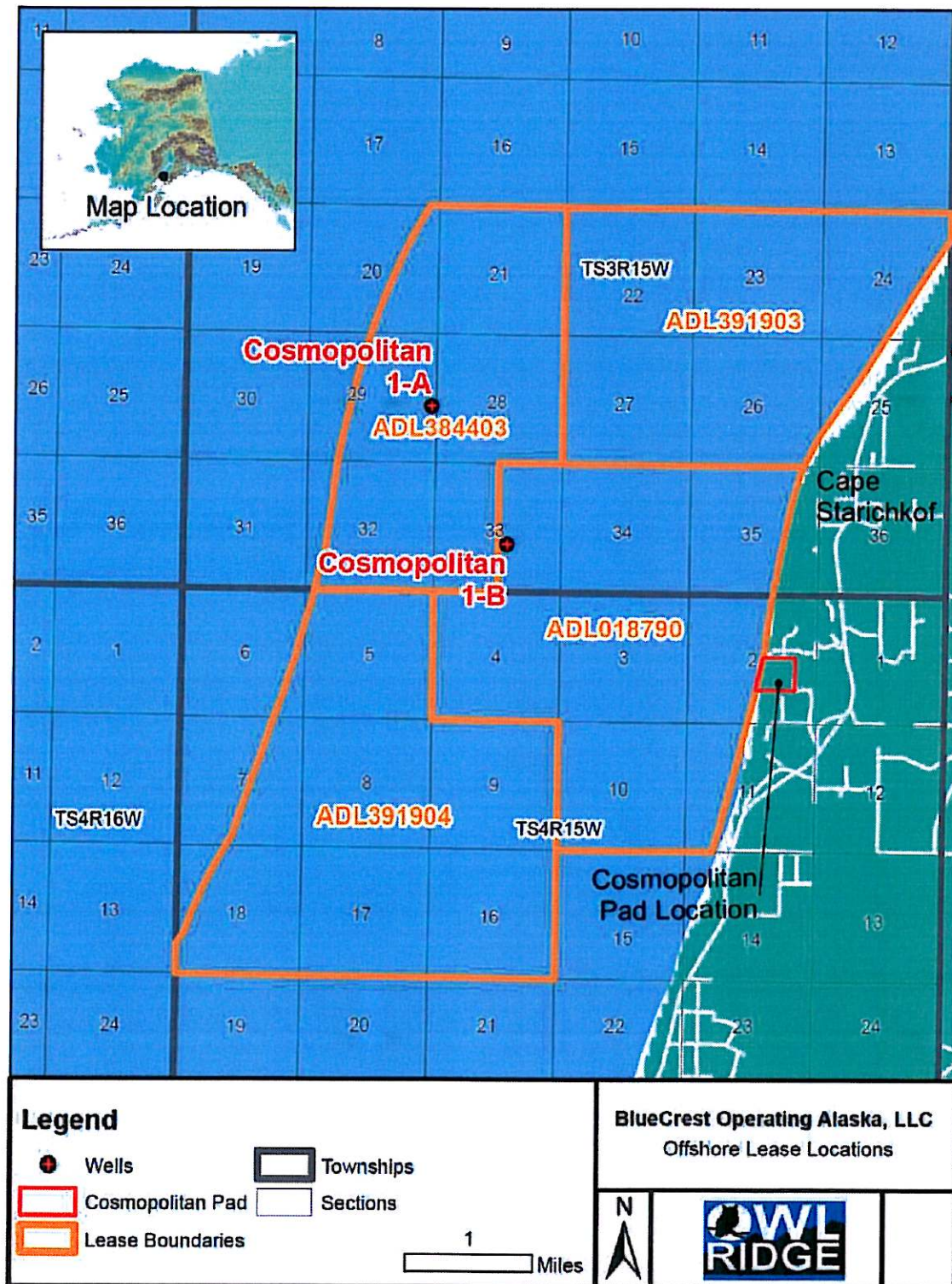


Figure V-1. Offshore Lease Locations.

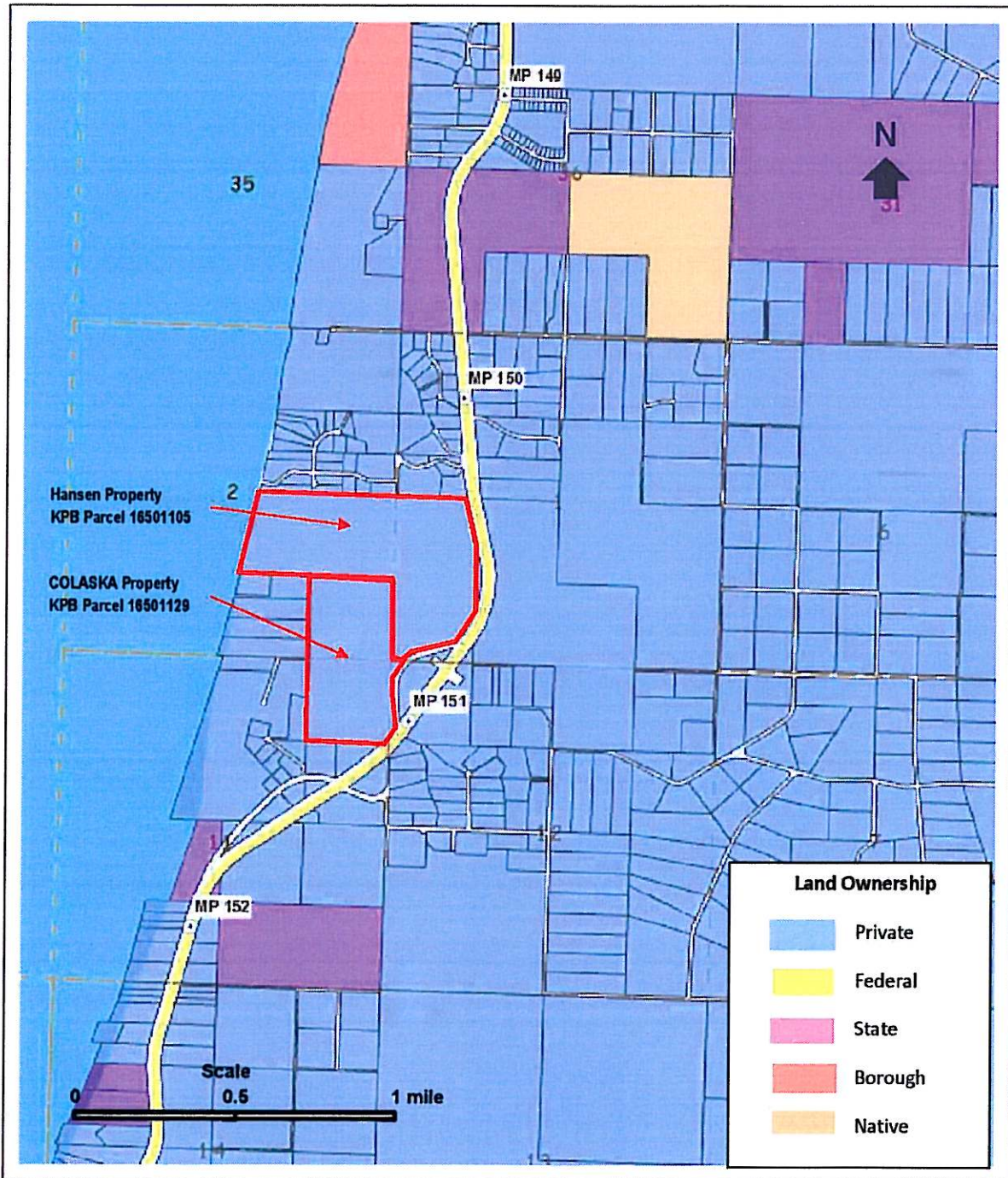


Figure V-2. Onshore Land Ownership (KPB GIS).

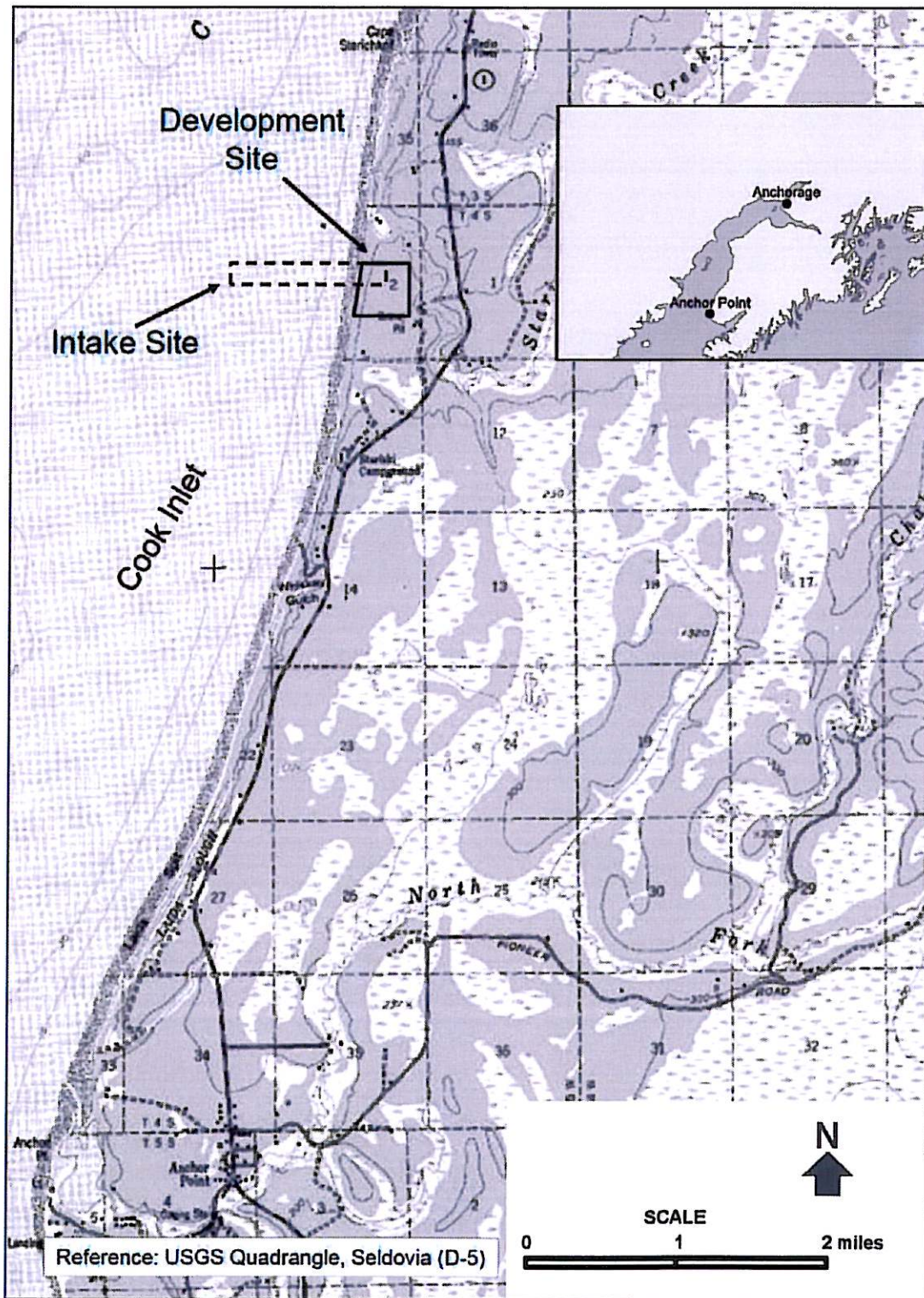


Figure V-3. Location Map for Seawater Intake.

Appendix B: Agency and Public Comments

The Division received Agency comments from the Alaska Department of Fish and Game and the Alaska Department of Natural Resources Land Sales; both expressed no-objection.

The Division received Public comments from one individual. This commenter submitted written comments to the Division on 12-11-14 and later submitted additional comments directly to BlueCrest and included the Division in that correspondence on 12-21-14; a summary of each are included below.

12-11-14 Written Comments:

Submitted comments were primarily related to industrial noise generation, freshwater aquifer depletion, and air quality.

Noise Generation

Noise generated from all aspects of the project, including construction, drilling and normal operations will produce noise at any time of the day or night. In the event the proposed berm at the pad edge did not effectively mitigate the sound impacts additional measures were requested.

Aquifer Depletion

BlueCrest and neighboring homeowners would likely be drawing water from the same aquifer. One homeowner in Cottonwood Point Subdivision drilled multiple water wells but has not been able to obtain satisfactory freshwater flow rates for a typical home. My concern with BlueCrests proposal is that the aquifer used by neighboring homeowners will not be able to supply BlueCrest with a volume even close to 10,000 gallons per day, and then current and future homeowners in the vicinity of the drilling pad will not have sufficient water. BlueCrest should be required to provide more information about what the contingencies are if neighboring homeowner water wells stop producing adequately due to Cosmopolitan oil production activities.

Air Quality

Are there regulations to protect neighbors from dangerous chemicals? If workers are wearing respirators while working with hazardous chemicals, what warnings or protections are there for neighbors? There should be air quality monitoring.

12-21-14 Comments to BlueCrest and the Division:

"Thank you for meeting with me two days ago to discuss Cosmopolitan development plans and my concerns as an adjacent landowner. I believe that you addressed my three primary concerns satisfactory: construction and production noise, freshwater aquifer depletion, and air quality. I also feel somewhat relieved having discussed issues that are a little less important to me, including drilling pad lighting, decreased property values, and catastrophic production facility failure."

Division response:

The Division recognizes the concerns submitted by the public and BlueCrests efforts to resolve them. As a result the Division is including additional project specific stipulations for this project related to noise generation and aquifer depletion. Air quality is regulated by ADEC.

Appendix C: Other

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